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RUEHCV/AMEMBASSY CARACAS 1509  
RUEHLP/AMEMBASSY LA PAZ OCT MONTEVIDEO 9831  
RUEHQD/AMEMBASSY QUITO 0031  
RUEHSG/AMEMBASSY SANTIAGO 0037  
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC  
RUMIAAA/USCINCSO MIAMI FL

C O N F I D E N T I A L LIMA 001453

SIPDIS

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TAGS: PGOV PREL PE

SUBJECT: GARCIA SWEARS IN APRA LOYALIST AS NEW MINISTER

REF: A. LIMA 1002  
1B. LIMA 1055  
1C. 08 LIMA 1651

Classified By: Amb. P. Michael McKinley for reasons 1.4(b) and (d).

11. (C) President Garcia swore in Juan Sarmiento Soto as new Housing, Construction, and Sanitation Minister on September 29, replacing Francis Allison. Sarmiento is a Housing Ministry veteran, having served as Vice Minister in both of Garcia's presidencies (1985-1990 and 2006-present). He is also a life-long member of the ruling APRA party, as were the other rumored top contenders for the position. Many observers see Sarmiento's appointment as an opportunity to consolidate the APRA presence in the cabinet, especially in public service ministries. Well-publicized social spending and infrastructure projects could buttress the government's popularity and help the APRA party position itself as responsive to social needs in the run up to the 2010 regional and municipal elections and the 2011 general elections.

12. (C) Allison resigned on September 27, after two months in office and following more than a week of relentless media criticism regarding his ties to Business Track, the company at the center of the eavesdropping ("chuponeo") scandal that brought down the Del Castillo cabinet one year ago (refs). While mayor of the Magdalena district of Lima and before he joined the cabinet, Allison was reportedly paid USD 3,000 per month to provide legal advice to Business Track. In testimony before Congress, Allison's claim that he was unaware of the company's secret wiretapping activities failed to convince and, more importantly, failed to calm the political waters. Analysts believe Garcia accepted Allison's resignation because the growing scandal was becoming too much of a distraction.

MCKINLEY